

LEGISLATURE OF THE STATE OF IDAHO  
Fifty-eighth Legislature                      Second Regular Session **B** 2006  
IN THE \_\_\_\_\_  
BILL NO. \_\_\_\_\_

BY THE COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

**SECTION 1.** That Section 67-5309A, Idaho Code, be, and the same is hereby amended to read as follows:

**67-5309A. STATE EMPLOYEE COMPENSATION PHILOSOPHY.** (a) It is hereby declared to be the intent of the legislature of the state of Idaho that the goal of a total compensation system for state employees shall be to fund a competitive employee compensation and benefit package that will attract qualified applicants to the workforce; retain employees who have a commitment to public service excellence; motivate employees to maintain high standards of productivity; and reward employees for outstanding performance.

(b) The foundation for this philosophy recognizes that State government is a service enterprise in which the state workforce provides the most critical role for Idaho citizens. Maintaining a competitive compensation system is an integral, necessary and expected cost of doing business and is based on the following compensation standards:

1)

The state's salary structure and benefit package, taken as a whole, shall be competitive with relevant labor market averages. The value of the benefit package could influence the salary component, but at a minimum the salary component shall be maintained at 95% of market.

2) Advancement in pay shall be based on job performance and market changes.

3) Pay for performance shall provide faster salary advancement for higher performers based on a merit increase matrix developed by the Division of Human Resources.

4) All employees below the state's mid-point market average in a salary range who are meeting expectations in the performance of their jobs shall move through the pay range toward the mid-point market average.

5) It is hereby declared to be legislative intent that regardless of specific budgetary conditions from year to year, it is vital to fund necessary compensation increases each year to avoid falling behind market and developing significant monetary gaps in the compensation system. In order to provide this funding commitment in difficult fiscal conditions, it may be necessary to prioritize and eliminate certain functions or programs in state government and/or reduce the overall number of state employees in a given year.

**SECTION 2.** That Section 67-5309B, Idaho Code, be, and the same is hereby amended to read as follows:

**67-5309B. IDAHO COMPENSATION PLAN.** (1) The administrator of the division of human resources shall establish benchmark job classifications and shall assign such classifications to a pay grade utilizing the Hay profile method in combination with market data. Pay grades established or revised by the administrator shall appropriately weigh Hay points and market data to ensure internal equity and market equity within the classified service.

- (2) It shall be the responsibility of each agency head to prepare an agency salary administration plan and corresponding budget plan that supports the core mission of the agency and is consistent with the provisions of section 67-5309A, Idaho Code.
- (3) Advancement in pay shall be based on performance and market changes and be provided in a variety of delivery methods, including ongoing increases, temporary increases and market related payline moves. Market related payline moves may advance all eligible employees as well as the structure to avoid compression in the salary system.
- (4) Pay for performance shall provide faster salary advancement for higher performers based on a merit increase matrix developed by the Division of Human Resources. Such matrix shall be a guideline for agency directors and human resource officers and be based upon the employee's proximity to the state mid-point market average, and the employee's relative performance.
- (5) No employee shall advance in a salary range without a performance evaluation on file certifying that the employee meets the performance criteria of the assigned position.
- (6) Each employee's work performance shall be evaluated through a format and process approved by the agency and the division of human resources. The employee will be evaluated after one thousand forty (1,040) hours of credited state service from the date of initial appointment or promotion, and thereafter be evaluated after each two thousand eighty (2,080) hours of credited state service. It shall be the specific responsibility of the supervisor and the department director to effect the evaluation process.
- (7) All supervisors who evaluate state employees shall receive training in the evaluation format and process to assure that state employees are treated with fairness and respect.
- (8) State agencies, with the approval of the division of human resources, may also address pay issues arising from unique circumstances, including geographic or shift differential requirements, special skills requirements, recruitment difficulties, incentive pay, and internal equity issues. Specific pay codes for each pay strategy will be established and maintained in the State Controller's office to ensure accurate reporting and monitoring of these unique pay actions.

**SECTION 3.** That Section 67-5309C, Idaho Code, be, and the same is hereby amended to read as follows:

**67-5309C. ANNUAL SURVEYS, REPORTS AND RECOMMENDATIONS.** (a) The administrator of the division of human resources shall conduct or approve annual salary and benefit surveys within relevant labor markets to determine salary ranges and benefit packages that represent competitive labor market average rates and benefits provided by private industry and other governmental units.

(b) A report of the results of the annual salary and benefit surveys and recommendations for changes to meet the requirements of section 67-5309A, Idaho Code, together with their estimated costs of implementation, shall be submitted to the governor and the legislature not later than the first day of December of each year. The recommendation shall include, at a minimum, four components to address the compensation philosophy described in section 67-5309A, Idaho Code, and shall include specific funding recommendations for each component:

1. A recommendation for market related changes necessary to address system wide structure adjustments to stay competitive with relevant labor markets. Such recommendation may include a market related payline move to advance all eligible employees, as well as the structure, to avoid compression in the salary system.

2. A recommendation for market related changes necessary to address specific occupational inequities.

3. A recommendation for a merit increase component to recognize and reward state employees in the performance of public service to the citizens of Idaho. Funding of this component may be addressed through specific appropriation and/or through salary savings, but only ongoing salary savings can be used for permanent merit increases, and any one-time salary savings must be used for one-time merit increases, bonuses or other one-time personnel cost needs.

4. A recommendation for any changes to the employee benefit package, including any adjustments to the overall design of the benefit package and/or employee contributions.

(c) The governor shall submit his own recommendations on proposed changes in salaries and benefits to the legislature prior to the seventh legislative day of each session. Such recommendation must address, at a minimum, the four components and subsequent funding for each component, required in this section.

(d) The legislature may, by concurrent resolution, accept, modify or reject the governor's recommendations, but any such action by the legislature, at a minimum, must address the four components and subsequent funding of each component required in this section. The failure of the legislature to accept, modify or reject the recommendations prior to adjournment sine die shall constitute approval of the governor's recommendations, and such recommendations shall be funded through appropriations provided by law. The administrator shall implement necessary and authorized changes to salary and benefits by rule.

**Deleted Sections replaced by the sections above.**

~~67-5309A. PERSONNEL BENEFITS. It is hereby declared to be the policy of the legislature of the state of Idaho that all classified employees of like classification and pay grade allocation shall be treated equally with reference to personnel benefits. It is the intent of the legislature that a benefit survey shall be conducted annually for the purpose of determining the relative level of personnel benefits provided to state employees by comparing the benefits provided to state employees with the benefits provided to employees of private employers within the state of Idaho.~~

~~67-5309B. ESTABLISHING SALARIES. (a) The administrator of the division of human resources shall determine the relative worth of each job classification established pursuant to section 67-5309, Idaho Code, and, in making such determination, shall utilize the guide chart profile method and correlated factoring benchmark job classifications developed by Hay management consultants, to ensure internal equity within the classified service.~~

~~—(b) Job classifications established or revised by the administrator shall be assigned by the administrator to a pay grade subject to the approval of the administrator of the division of financial management, based on funding considerations.~~

~~—(c) The administrator shall conduct or approve salary and benefit surveys within relevant labor markets to determine salary ranges that represent competitive labor market average rates paid by private industry and other governmental units for jobs of like value, based upon the guide chart profile system described in subsection (a) of this section. The results of such surveys shall be based on statistical, historical, or other economic factors. The factors herein referred to shall include, but are not limited to, anticipated salary adjustments for the positions surveyed, changes in cost-of-living as measured by the consumer price index, and anticipated adjustments in the average weekly wage in the state of Idaho, as defined and determined pursuant to section 72-409, Idaho Code.~~

~~—(d) A report of the results of salary and benefit surveys and recommendations for changes in salaries, together with their estimated costs of implementation based on the competitive labor market average rate of each pay grade, as approved by the administrator, shall be submitted to the governor not later than the first day of December of each year. The governor shall submit his own recommendations on proposed changes in salaries and benefits to the legislature prior to the seventh legislative day of each session. The legislature may, by concurrent resolution, accept, modify or reject the recommendations. The failure of the legislature to accept, modify or reject the recommendations prior to adjournment sine die shall constitute approval of the governor's recommendations. The administrator shall implement the results of such salary changes by rule, using the payline formulas and pay schedules approved by the legislature and the mid-point of each pay grade established in section 67-5309C, Idaho Code.~~

~~67-5309C. PAY GRADES AND MERIT INCREASES. (a) The following schedule establishes the pay grades for all positions classified pursuant to chapter 53, title 67, Idaho Code.~~

~~STATE OF IDAHO~~

~~PAY GRADE SCHEDULE~~

~~GRADE JOB EVALUATION POINTS GRADE JOB EVALUATION POINTS~~

~~Minimum Mid-point Maximum Minimum Mid-point Maximum~~

~~A 93 or less 99 106 M 493 531 566~~

~~B 107 114 122 N 567 610 655~~

~~C 123 131 140 O 656 702 753~~

~~D 141 151 161 P 754 807 867~~

~~E 162 173 185 Q 868 928 997~~

~~F 186 200 213 R 998 1067 1146~~

~~G 214 229 245 S 1147 1227 1319~~

~~H 246 263 281 T 1320 1412 1516~~

~~I 282 303 325 U 1517 1623 1744~~

~~J 326 349 374 V 1745 1867 2006~~

~~K 375 401 430 W 2007 2147 2307~~

~~L 431 461 492 X 2308 2469 --~~

~~(b) It is hereby declared to be the intent of the legislature that an employee may expect to advance in the salary range to the labor market average rate for the pay grade assigned to a classification.~~

~~Advancement in pay shall be based solely on performance, including factors such as productivity, reliability, effectiveness, and the ability to achieve the goals and objectives of the particular position. No employee shall advance in a salary range without performance evaluation by the employee's immediate supervisor, approved by the departmental director or the director's designee certifying that the employee meets the performance criteria of the assigned position.~~

~~(i) When necessary to obtain or retain qualified personnel in a particular classification, upon petition of the appointing authority to the administrator containing acceptable reasons therefor, a higher temporary pay grade may be authorized by the administrator which, if granted, shall be reviewed annually to determine the need for continuance.~~

~~(ii) Each employee's work performance shall be evaluated after one thousand forty (1,040) hours of credited state service from the date of initial appointment or promotion and after each two thousand eighty (2,080) hours of credited state service thereafter by his or her immediate supervisor. Employees may be eligible for advancement in pay, if certified as meeting the performance requirements of subsection (b) of this section; however, such in-grade advancement shall not be construed as a vested right. The department director shall designate, upon agreement with the employee, whether such in-grade advancement is temporary, conditional or permanent. It~~

~~shall be the specific responsibility of the supervisor and the departmental director to effect the evaluation prescribed in subsection (b) of this section on an evaluation form approved by the administrator for that purpose.~~

~~(iii) In addition to pay increases authorized in paragraph (ii) of this subsection, the department director may grant a classified employee holding permanent status a lump sum bonus not to exceed one thousand dollars (\$1,000) in any given fiscal year based upon excellent performance as indicated by the performance evaluation as outlined in subsection (b) of this section. Exceptions to the one thousand dollar (\$1,000) limit provided in this paragraph may be granted if approved in advance by the state board of examiners.~~

~~(iv) In addition to pay increases authorized in paragraph (ii) of this subsection, the department director may grant a classified employee holding permanent status a lump sum bonus not to exceed one thousand dollars (\$1,000) in any given fiscal year based upon suggestions or recommendations made by the employee which resulted in taxpayer savings as a result of cost savings or greater efficiencies to the department or to the state of Idaho in excess of the amount of the bonus. Exceptions to the One thousand dollar (\$1,000) limit provided in this paragraph may be granted if approved in advance by the state board of examiners.~~